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## WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 30-80

WASHINGTON, Dec. 11-The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

MEXICO and the United States signed an agreement Dec. 3 providing for the purchase by Mexico of 6.15 to 8.18 million tons of U.S. agricultural commodities in calendar 1981. This agreement is similar to a pact for 1980 signed last January covering 4.76 million tons of commodities and amended in September to 7.2 million tons. So far during 1980, deliveries of U.S. commodities to Mexico have exceeded 10 million tons.

With only about 500,000 tons of U.S. commodities now scheduled for early 1981 delivery to Mexico, additional purchases for first quarter 1981 shipment should begin before mid-December. Shipment schedules must continue to be well coordinated to handle the expected flow. Although some improvement in Mexican crop output is likely this year, compared with last year's drought-reduced harvest, import demand for grains, oilseeds and protein meals is expected to remain strong.

Commodities and quantities covered by the 1981 agreement are as follows:

Corn, No. 2	1,500,000	-	2,250,000
Sorghum or corn, No. 3	2,500,000	-	3,000,000
Edible beans	100,000	-	200,000
Soybeans	850,000	-	1,000,000
Sunflower seed	200,000	-	300,000
Soybean meal	170,000	-	200,000
Tallow	60,000	-	80,000
Crude soybean or sunflower oil	10,000	-	20,000
Cottonseed	100,000	-	180,000
Rice	50,000	-	65,000
Nonfat dry milk	10,000	-	35,000
Wheat	600,000	-	850,000
Total	6,150,000	-	8,180,000

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In CANADA, the Wheat Board has announced a sale of 1.4 million tons of wheat to CHINA, for shipment mainly between February and July 1981. This transaction brings total Chinese purchases of Canadian wheat for 1980/81 (August/July) delivery to about 2.8 million tons. The sale falls under a three-year agreement, which began in August

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MARY FRANCES CHUGG, Editor. Tel: (202) 447-3370, 447-2381. Weather and Crop Summary prepared by the Joint Agricultural Weather Facility of USDA and NOAA. Tel: (202) 447-8760, 447-7917. Additional copies may be obtained from the FAS Information Services Staff, Room 5918-South, Washington, D.C. 20250. Tel: 447-7937.



1979, for Canadian shipments of 8.5 to 10.5 million tons of wheat. Sales during 1979/80 were only 2 million tons--considerably lower than the range indicated by the agreement. The lower level of sales during those years was due to logistical problems in Canada and to China's bumper grain crops in 1978 and 1979.

In addition, the Canadian Wheat Board has concluded a new contract with the SOVIET UNION for shipment of 2.1 million tons of grain. The contract calls for substantial sales of winter, spring and durum wheats, as well as feed barley, for January-July 1981 delivery. This is the first reported Canadian sale to the USSR since last February, when the Board announced a 2-million-ton grain sale for delivery during the balance of the 1979 crop year (August-July) and into the 1980/81 season. In 1979/80, Canada exported about 3.9 million tons of grain to the USSR. During the last five years, Canadian exports to the Soviet Union have ranged from 400,000 to 4.8 million tons.

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SPAIN reportedly has sold 300,000 tons each of wheat and barley to the Soviet Union. Historically Spain is not a major grain exporter and has never sold wheat to the USSR, although the Soviets reportedly did purchase some Spanish barley in 1975. The sharply larger 1980 wheat and barley crops are putting pressure on Spain's storage facilities and a significant quantity is expected to move into export. The wheat crop is estimated to be 33 percent above the drought-reduced 1979 outturn of 5.8 million tons and barley production increased by 39 percent to 8.9 million tons.

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In HUNGARY, the 1980 grain crop reportedly has exceeded the planned 13.5 million tons, although no specific figure has been given. The final production figure will likely set a record high of 13.5 to 13.6 millions tons. A crop of this size would be more than 200,000 tons above the previous record and over 1.5 million tons above the 1979 output.

Hungary is normally a net grain exporter and this year's crop level will permit Hungary to export 1.2 to 1.6 million tons of grain during 1980/81 (July-June). The final export amount will depend on whether or not stocks are rebuilt, following the 1979/80 drawdown. Wheat is expected to make up approximately 80 percent of Hungary's grain exports, with the USSR and other East European countries as the principal destinations.

#### DAIRY, LIVESTOCK AND POULTRY

ARGENTINA raised minimum import prices by one-third in early October for whole dry milk and nonfat dry milk originating from European Community (EC) countries. The new prices will remain in effect until April 15, 1981, and will greatly reduce or eliminate imports of dry milk from the EC. Since Argentine milk production is now approaching seasonal highs, the impact of the import restrictions on domestic markets will be minimal.

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ROMANIA imported 4,725 tons of broilers from the United States during the first ten months of 1980. There were no poultry meat imports from the United States during 1979. This year Romania also imported 2,500 tons of broilers from West Germany. Over the last several years, Romania has been an exporter of poultry meat. It is possible that some portion of the 1980 imports is being transshipped to other destinations. Romanian trade officials have indicated that U.S. poultry will be imported again in 1981. U.S. broilers have been favorably accepted by Romanian consumers.

#### HORTICULTURAL AND TROPICAL PRODUCTS

In CANADA, the 1980 potato crop, including that of Newfoundland, is now estimated officially at 55,621,526 hundredweight or 2.52 million tons. The previous estimate was 54,201,000 hundredweight or 2.46 million tons, which excluded Newfoundland.

Alberta had record-high yields due to good weather during the growing season and accounted for most of the increase in the final official estimate, which is as follows in 1,000 hundredweight.

<u>Province</u>	<u>Final estimate</u>
Prince Edward Island	13,216
Nova Scotia	728
New Brunswick	11,700
Quebec	8,497
Ontario	8,820
Manitoba	6,240
Saskatchewan	323
Alberta	4,096
British Columbia	1,920
Newfoundland	81
Total	55,621

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BRAZIL has eliminated the minimum export price for frozen concentrate orange juice (FCOJ) that has been in effect since last June. The minimum export price was \$900 per ton of 65 degree brix concentrate (63 cents per pound of solids), f.o.b. Santos, Brazil. Current export prices have dropped to \$550 to \$600 per ton (38 to 42 cents per pound of solids). Other aspects of this season's citrus policy have remained unchanged. The grower price remains at approximately \$1.50 per box on-the-tree, and processors are allowed to export only one-half of their production of FCOJ.

It is now estimated that no more than 300,000 tons of FCOJ (equivalent to 99 million gallons of 43.4 degree brix) will be exported in 1980/81 (July-June), down from 380,000 tons from last season. Carryover at the end of this season is forecast to be about 200,000 tons of concentrate (equivalent to 66 million gallons of 43.4 degree brix).

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In MADAGASCAR, vanilla bean stocks have been virtually depleted to meet export commitments in recent years as a result of sharply reduced production. Exports in 1979 totaled only 437 tons, down sharply from 1,459 tons a year earlier and well below the 1,713 tons exported in 1977. Shipments during January-May 1980 picked up somewhat, totaling 317 tons, compared with 175 tons during the similar period of 1979.

In an effort to stimulate production, the government has increased producer prices for green vanilla for the 1980/81 season to 600 Madagascar francs (FMG) per kilogram (about US\$2.86) from 500 FMG in 1979/80 and 280 to 330 FMG in 1978/79. Reports indicate that the 1980 crop showed improvement and was in the area of the 1976 outturn of 866 tons.

Vanilla production in Madagascar since 1973 is as follows in tons:

1973	--	1,720
1974	--	940
1975	--	1,426
1976	--	866
1977	--	550
1978	--	312
1979	--	526

#### TOBACCO

In CHINA, annual cigarette consumption is currently estimated at 700 billion pieces, making that country the largest cigarette consumer in the world. Consumption of domestically produced cigarettes in 1979 reportedly totaled 624 billion pieces, indicating imports of 76 billion, although official statistics on cigarette imports are not released. Advertisements for leading U.S. brands are appearing in major Chinese cities. With an estimated 200 million cigarette smokers, China is a potential export market for U.S. tobacco and tobacco products.

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In the UNITED KINGDOM, a large tobacco group plans to discontinue in January manufacture of a tobacco substitute developed during the early 1970's. Cigarettes blended with the product, known as NSM (New Smoking Material), were first introduced in 1976, and briefly captured 10 percent of the British cigarette market. However, cigarettes containing NSM were given no tax advantages and the government would not permit the company to make any health safety claims; consumer interest waned and the market share eroded to about one-half of one percent in December 1980. The NSM undertaking is believed to have cost the company US\$63 million.

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The 1980 ZIMBABWE tobacco auction closed Nov. 13 with sales totaling 122,571 tons, compared with 111,687 tons in 1979. The average price for this season was 79.47 Zimbabwe cents (US\$1.27) per kilogram, down 4 percent from the 1979 level.

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Prices during the early part of the season were as much as 50 percent below prices for the same period in 1979 because of the world oversupply situation for low quality flue-cured tobacco. Prices strengthened late in the season with the announced marketing quota of 70,000 tons for the 1981 crop and the isolation from the market by private merchants of 15,000 to 16,000 tons--the result of a government guaranteed loan at low interest rates.

Even with the late season improvement, producers were disappointed with the low prices. The average yearly price was 4.4 percent below the estimated average cost of production of 83 Z cents (US\$1.33) per kilogram (variable costs only).

Stocks at the end of the 1980 season are estimated at 139,000 tons. However, approximately 45 percent of the tobacco has been sold or committed. A 70,000-ton crop in 1981 would bring total supplies to over 200,000 tons.

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In VENEZUELA, all advertisements for cigarettes and other tobacco products will be banned from television beginning Jan.1. This action establishes the official government policy that tobacco is harmful to health.

Before the announcement of this ban, advertising companies had reached a voluntary agreement with the anti-cancer society on guidelines for television commercials. Under the agreement advertising was to start after 9:30 p.m. with the content to picture adults in other than sports related settings.

A recent increase in cigarette taxes raised retail prices approximately 33 percent -- a move that is expected to earn the government US\$492 million during 1981. Additionally, anti-smoking campaigns have been undertaken in all advertising media.

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#### INTERNATIONAL WEATHER AND CROP SUMMARY, Dec. 1-7

EUROPE--Temperatures dipped below normal in all countries, with low readings averaging about minus 20 degrees Celsius in the east. Very few areas had warm enough conditions for winter grain growth. The precipitation pattern remained similar to the previous week, with totals slackening in the west and in the northeast. The moisture was welcome in Romania and Bulgaria, but conditions may be too wet in West Germany and surrounding areas. Much of the precipitation fell as snow in the east, giving winter grains needed protection from the cold weather. By the weekend, at least 5 cm of snow covered most agricultural areas of Eastern Europe, with depths of 25 cm at many locations. Even northeastern France and the Low Countries received a light covering of snow.

WESTERN USSR--Precipitation increased to much above normal over much of the winter grain belt. Only in the northwest did amounts slacken to below normal. Much of the precipitation fell as snow, with temperatures showing marked declines from the previous week. Conditions became too cold for winter grain growth in all but the southernmost areas. Snow depths increased over many winter grain areas, with 10 to 20 cm depths covering much of the central and western Ukraine. Only the lower Volga Valley, the North Caucasus, and parts of the southeastern Ukraine remained snow free. The snow has moderated the effects of cold temperatures, but continued freezing and thawing of very wet soils in these southeastern areas prolongs the possibility of frost heaving damage.

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EASTERN ASIA--The rainfall band in southern China shifted further southward into the hills south of the Yangtze River. Rainfall totals in the rainy area slackened somewhat, but remained above normal. The southern coastal provinces stayed relatively dry. Temperatures on the North China Plain turned colder, curtailing winter grain growth in the northern half of the belt. Only scattered, light precipitation occurred--a normal pattern for this season. Winter grains in most areas should have adequate moisture. In South Korea, above-normal precipitation fell, but conditions were too cold for winter grain growth.

SOUTH ASIA--Rainfall continued in eastern coastal areas of extreme southern India in a pattern nearly identical to the preceding week. Moisture was carried northward over the subcontinent, causing light showers in Madhya Pradesh. The rains greatly benefited dry winter grains. No precipitation occurred in northern winter grain areas, but very little is normally expected at this time of year.

SOUTH AMERICA--A complex precipitation pattern in Brazil was highlighted by weekly rainfall amounts in excess of 100 to 150 mm in portions of Minas Gerais, Sao Paulo, Santa Catarina and Rio Grande do Sul. Locally heavy showers may force some re-planting of maize and soybeans, especially in Sao Paulo and Minas Gerais. Soybean plantings are nearly completed in Parana. Further sowing delays have occurred in Rio Grande do Sul, however, due to excessively wet weather. Planting progress is behind the 1979/80 schedule in southern Brazil. In Argentina, weekly rainfall amounts of 25 to 50 mm benefited maize in Cordoba and Santa Fe but interfered with wheat harvesting in northern crop areas. In Buenos Aires, where the wheat harvest should be in full swing, scattered showers generally produced less than 10 mm of rain in most agricultural areas.

AUSTRALIA--Substantial rain fell in Australia's northeastern grain belt late in the week. Weekly totals were above the seasonal average in much of New South Wales (15 to 50 mm) and southeastern Queensland (50 to 100 mm) as a frontal system and easterly winds dominated the weather pattern. The moisture is very beneficial to both summer crop and grazing areas in this region. The remainder of Australia's wheat belt generally received less than 10 mm of rainfall during the week. The relatively warm, dry weather provided favorable conditions for the wheat harvest.

SOUTH AFRICA--Shower activity in the Maize Triangle generally produced 10 to 25 mm of rain during the week. While maize planting had been delayed due to a six-week dry period following early season rains in late September, improved soil moisture conditions during the past three weeks have stimulated sowing activities. The delayed start of the crop season should not be detrimental to yield prospects as long as the rainy season continues to provide timely and adequate moisture during vegetative and reproductive stages of crop growth.

NORTHWESTERN AFRICA--Storms developing in the western Mediterranean dropped above-normal precipitation on crop areas in coastal portions of central and eastern Algeria, and both northern and southern crop areas in Tunisia. Crops in these areas remained in good condition. Dry weather prevailed in Morocco for a third consecutive week; however, soil moisture should remain adequate for the time being in most areas. In western Algeria, conditions remained too dry for winter grain germination and growth.

MEXICO--Sunny, mild weather prevailed over most major agricultural areas and favored harvesting of crops, especially corn in the Southern Plateau. A few showers fell in northeastern Sinaloa, but probably did not significantly increase reservoir levels which were below normal. The citrus district around Valles had beneficial moderate showers, while only light amounts fell elsewhere over the citrus belt.



# Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain, soybeans, and tapioca, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Dec. 9, 1980	Change from previous week	A year ago
	\$ per m. ton	\$ per bu.	¢ per bu.
<b>Wheat</b>			
Canadian No. 1 CWRS-12.5%.....	1/	1/	1/
U.S. No. 2 DNS/NS: 14%.....	228.50 7/	6.22	--
U.S. No. 2 DHW/HW: 13.5%.....	234.00	6.37	-16
U.S. No. 2 S.R.W.....	222.00	6.04	-19
U.S. No. 3 H.A.D.....	282.00 7/	7.67	--
Canadian No. 1 A: Durum.....	1/	1/	1/
<b>Feed grains:</b>			
U.S. No. 3 Yellow Corn	181.75	4.62	+ 9
U.S. No. 2 Sorghum 2/.....	189.00	4.80	-20
Feed barley 3/.....	1/	1/	1/
Thailand Tapioca.....	166.55	--	+0.50 5/
<b>Soybeans:</b>			
U.S. No. 2 Yellow.....	332.50	9.05	85
Argentine 4/.....	1/	1/	1/
U.S. 44% Soybean Meal (M.T.)..	300.00	--	-23.00 5/
<b>EC Import Levies</b>			
Wheat 6/.....	66.40	1.81	-15
Barley.....	45.00	0.98	+4
Corn.....	86.05	2.19	+7
Sorghum.....	62.55	1.59	-6

- 1/ Not available.  
2/ Optional delivery: U.S. or Argentine Granifero Sorghum.  
3/ Optional delivery: U.S. or Canadian Feed Barley.  
4/ Optional delivery: Brazil yellow.  
5/ Dollars per metric ton.  
6/ Durum has a special levy.  
7/ April-May delivery.  
Note: Basis January delivery.

## NOTE TO READERS

The Weekly Roundup of World Production and Trade will not be issued during the week of Dec. 28-Jan. 3 because of the shortened federal workweek. The information that would have been in that report will be combined in the following week's issue.

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